

## Trip Report

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**Title of Report:** District Heating Reform in Ukraine  
**Report Date:** July 28, 2008  
**Dates of Travel:** July 20-26, 2008

**Traveler:** Thomas Secrest  
**Position/Title:** Senior Research Scientist  
**Employing Organization:** Pacific Northwest National Laboratory

**Travel destinations:** Kyiv, Ukraine

**Brief Purpose of the trip:** To assist the Government of Ukraine in planning and structuring its district heating reforms.

### People contacted and facilities visited:

Ministry of Residential and Communal Services: Olena Gavryliuk, Chief, Department of Public Regulation.

USAID: Peter Argo, Andriy Nesterenko, and Diane Tsitsos

ARENA-ECO: Sergey Surnin, Galyna Fedorova, and Evgeny Gagurin

### Abstract:

Mr Secrest worked on a revision to the Charter document for the formation of the National Municipal Heating Strategy Task Force and preparation of the Secretariat document for the Task Force. These two documents will be finalized following receipt of a communication plan from ARENA-ECO (scheduled for completion by August 1).

Ministry of Residential and Communal Services

Information was obtained from Ms Gavryliuk regarding the establishment of a Secretariat and its functions. The initial deliverable of the Task Force, due September 1 to the Cabinet of Ministers, is the scope of activities that the Task Force will pursue. This will include ~50 regulations that will need to be revised and/or prepared (this will be forwarded when prepared). The regulations and reforms must be developed and submitted by December 31, 2010.

Ms Gavryliuk said the Ministry would welcome the establishment of a Secretariat to assist the Task Force's activities, and would provide an official letter of request if needed. Initial thoughts on the functions of the Secretariat would include coordination, preparation of regulations, subcontracting for needed consultant services, and analysis to support task force activities. The Secretariat would help avoid the short notice for meetings that has been noted, although the September 1 deadline contributed to this situation.

Ms Gavryliuk leads Work Group 3 on Public Utility Regulation and feels that the Work Group has made good progress. She is optimistic that an independent regulator can be established that will utilize a transparent decision making process. She also said that, for the first time, a municipality had rejected a license application to operate a district heating system as it was not felt to be in the public interest.

## USAID

The above information from the meeting with Ms Gavryliuk was relayed to USAID. Mr Argo seemed pleased, but wanted to ensure that the Ministry of Labor was involved to make sure social safety net issues were included in the Task Force's recommendations, suggesting the creation of a fourth Work Group. I suggested that this may be possible, but it would be less intrusive in terms of GOU actions if the Secretariat included a staff member that was mindful of this issue. Additional considerations for not creating a fourth Work Group is the need for additional coordination (between Work Groups) and (at least the perception of) increased bureaucracy.

Mr Nesterenko wanted to make sure the communication issue had been addressed. I told him that it had, but was not sure that it would be corrected until the Secretariat was in place, because this would be an issue that they (the Secretariat) would resolve. In addition, the September 1 deadline had the unintended result of the first meeting being called on short notice.

I told USAID that the Secretariat document would be transmitted within the next two weeks. Following the inclusion of ARENA-ECOs material and review by the project manager (Meredydd Evans).